MINUTES - REGULAR MEETING
SANTA MARIA CITY COUNCIL

CITY HALL COUNCIL CHAMBERS
SANTA MARIA, CALIFORNIA

JUNE 19, 2012

INVOCATION:
Cadet Joshua Hamilton of the Salvation Army gave the invocation.

PLEDGE OF ALLEGIANCE TO THE FLAG:
Councilmember Orach led the Pledge of Allegiance.

CALL TO ORDER:
Mayor Lavagnino called the Regular Meeting of the City Council to order at 6:30 p.m.

ROLL CALL:
MEMBERS PRESENT
Councilmembers Boysen, Cordero, Orach, Patino and Mayor Lavagnino.

STAFF MEMBERS PRESENT
City Manager Haydon, City Attorney Trujillo, Acting Assistant City Manager Lara, Police Chief Macagni, Director of Public Works/City Engineer Whitehead, Director of Administrative Services Visé, Director of Utilities Sweet, Director of Community Development Appel, Director of Parks & Recreation Posada, Fire Chief Orr, City Librarian Housel, Community Programs Manager Hudson-Coelho, and Acting Chief Deputy City Clerk Garietz.

1. PROCLAMATIONS/PRESENTATIONS:

A. RESOLUTION FOR PATTI RODRIGUEZ.
Mayor Lavagnino read Resolution No. 2012-63 honoring and commending Executive Assistant, Patti Rodriguez, for her 35 years of dedicated service and contributions to the City and the Santa Maria community, and is congratulated on her retirement and wished good health and many years of happiness in her future endeavors.

Resolution No. 2012-63 was adopted commending Patti Rodriguez on motion by Mayor Lavagnino, seconded by Councilmember Orach, and carried on the following vote:

AYES:	Councilmembers Boysen, Cordero, Orach, Patino, and Mayor Lavagnino
NOES:	None
ABSENT:	None
ABSTAIN	None

Mayor Lavagnino and each of the Councilmembers provided their thanks and appreciation for Patti and her years of service to the Council, and each shared individual stories of their working relationship with her.

City Manager Haydon expressed his thanks and appreciation for Patti's years of service to the City, the City Manager's office, and her commitment to organizing the City annual picnic every year.

Patti Rodriguez thanked the City Council, department heads, City staff, and her family for their support and recognition. She will miss everyone.

Resolution No. 2012-63 adopted. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA, CALIFORNIA, COMMENDING PATRICIA "PATTI" RODRIGUEZ FOR HER 35 YEARS OF DEDICATED SERVICE.

B. PROCLAMATION – FILL THE BOOT FOR MDA WEEK
Councilmember Patino read a proclamation declaring June 17 – 23, 2012, as "Fill The Boot For MDA Week" in the City of Santa Maria and encourage all the residents of Santa Maria to support the efforts of the local Fire Fighters and Muscular Dystrophy Association. The proclamation was accepted by Parvaneh Givi, Executive Director, Muscular Dystrophy Association.

C. VOLUNTEER OF THE MONTH
Councilmember Boysen presented a gift to Bianca Gomez, on behalf of Fidel Gomez, for his support to the Recreation and Parks Department's Tee Ball Program over the past three years.

2. PUBLIC COMMENT
Ernest Armenta spoke about his lack of support for Carl Warren & Company and suggested that the Council consider that third-party claims administration contracts be submitted for bid. He also spoke about City employees using 401K plans and making contributions to it.

Raul Ceja, representing LULAC, spoke about the District Attorney's release of the report on the officer-involved shooting in January 2012. He commented that he wanted to see that the investigations were carried out and completed, and that no one was guilty until proven innocent. He asked that everyone remain calm. Once the investigations were complete, if LULAC was not satisfied with the results of the investigations, LULAC would consider suing the City.

3. CONSENT CALENDAR
Councilmember Patino asked to pull Item 3H for discussion.

Councilmember Boysen indicated that he had a conflict and would be abstaining from voting on Items 3E, Payment of Warrants, and 3H, Annual Action Plan.

Councilmember Cordero indicated that he had a conflict and would be abstaining from voting on Item 3H, Annual Action Plan.

Item 3H – 2012-13 Annual Action Plan for CDBG/HOME Funds
Councilmember Patino commented that she would like the Council to consider reserving ten percent of future CDBG allocations for youth services.

City Manager Haydon indicated that Item 3H, Action Plan, covered fiscal year 2012-13. Future allocations would be identified in the 2013-14 budget, and could be discussed during the budget presentation.

Consent Calendar Items 3A through 3K (except 3E and 3H) were approved on motion by Councilmember Patino, seconded by Councilmember Orach, and carried on the following vote:

AYES: Councilmembers Boysen, Cordero, Orach, Patino, and Mayor Lavagnino
NOES: None
ABSENT: None
ABSTAIN: None

Consent Calendar Item 3E, Warrants, was approved on motion by Councilmember Patino, seconded by Councilmember Orach, and carried on the following vote:

AYES: Councilmembers Cordero, Orach, Patino, and Mayor Lavagnino
NOES: None
ABSENT: None
ABSTAIN: Councilmember Boysen

Consent Calendar Item 3H, Annual Action Plan, was approved on motion by Councilmember Orach, seconded by Councilmember Patino, and carried on the following vote:

AYES: Councilmembers Orach, Patino, and Mayor Lavagnino
NOES: None
ABSENT: None
ABSTAIN: Councilmembers Boysen and Cordero

A. ORDINANCES
The reading in full of all ordinances and resolutions was waived. Ordinances on the Consent Calendar were adopted by the same vote cast at the first reading unless City Council indicated otherwise.

B. MINUTES
The Minutes of the Regular City Council Meeting of June 5, 2012, were approved as submitted.

C. ELECTION RESOLUTIONS
Resolution No. 2012-64, 2012-65 and 2012-66 were adopted initiating the process for the General Municipal Election to be held on November 6, 2012, to elect a Mayor, two members of the City Council, a ceremonial City Treasurer and a ceremonial City Clerk.

Resolution No. 2012-64 adopted. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA, CALIFORNIA, CALLING AND GIVING NOTICE OF THE HOLDING OF A GENERAL MUNICIPAL ELECTION TO BE HELD ON TUESDAY, NOVEMBER 6, 2012, FOR THE ELECTION OF CERTAIN MUNICIPAL OFFICERS.

Resolution No. 2012-65 adopted. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA, CALIFORNIA, REQUESTING THE BOARD OF SUPERVISORS OF THE COUNTY OF SANTA BARBARA TO CONSOLIDATE A GENERAL MUNICIPAL ELECTION TO BE HELD ON

TUESDAY, NOVEMBER 6, 2012, WITH THE STATEWIDE GENERAL ELECTION TO BE HELD ON THE DATE PURSUANT TO §10403 OF THE ELECTIONS CODE.

Resolution No. 2010-66 adopted. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA, CALIFORNIA, ADOPTING REGULATIONS FOR CANDIDATES FOR ELECTIVE OFFICE PERTAINING TO CANDIDATES' STATEMENTS SUBMITTED TO THE VOTERS AT AN ELECTION TO BE HELD ON TUESDAY, NOVEMBER 6, 2012.

D. BIENNIAL NOTICE
Council received and filed the 2012 Conflict of Interest Code Biennial Notice as no amendments were necessary at this time.

E. WARRANTS
Warrant Nos. 173107 to 173337 totaling $15,488,789.66 were ordered ratified subject to having been certified as being in conformity with the budget and having been approved for payment by the Director of Administrative Services. Warrant Nos. 166183, 173056, and 173086 were cancelled.

F. PAYROLL
Payment of payroll was ordered ratified subject to having been certified by the proper Department Heads, as shown on records on file in the Department of Administrative Services and having been approved for payment by the Director of Administrative Services.

G. 2012 INVESTMENT POLICY
Resolution No. 2012-67 was adopted approving the City of Santa Maria's 2012 Investment Policy and delegating the authority for implementing the Investment Policy and oversight responsibility to the City's Investment Officer.

Resolution No. 2012-67 adopted. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA, CALIFORNIA, ADOPTING THE 2012 INVESTMENT POLICY.

H. 2012-13 ANNUAL ACTION PLAN FOR CDBG/HOME FUNDS
Resolution No. 2012-68 was adopted approving the Annual Action Plan for 2012-13 for the use of Federal funds under the Community Development Block Grant (CDBG) Program and the HOME Investment Partnerships (HOME) Program.

Resolution No. 2012-68 adopted. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA, CALIFORNIA, APPROVING THE ANNUAL ACTION PLAN FOR FISCAL YEAR 2012-13 FOR THE USE OF FEDERAL FUNDS UNDER THE COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) PROGRAM AND THE HOME INVESTMENT PARTNERSHIPS (HOME) PROGRAM.

I. STREET LIGHTS RETROFIT LOAN.
Resolution No. 2012-69 was adopted authorizing the City Manager to apply for a $2,000,000, three percent interest rate loan from the California Energy Commission (CEC) to retrofit existing low pressure sodium (LPS) street lights to energy efficient LED fixtures.

Resolution No. 2012-69 adopted. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA, CALIFORNIA, AUTHORIZING THE CITY MANAGER ON BEHALF OF THE CITY OF SANTA MARIA TO APPLY FOR A $2,000,000, THREE PERCENT INTEREST RATE LOAN FROM THE CALIFORNIA ENERGY COMMISSION TO RETROFIT STREET LIGHTS IN THE CITY OF SANTA MARIA WITH ENERGY EFFICIENT LIGHTING FIXTURES AND IF AWARDED, TO EXECUTE A STANDARD AGREEMENT AND ANY AMENDMENTS THERETO; AND ANY NECESSARY DOCUMENTS.

J. NO-STOPPING ZONE – CARLOTTI DRIVE
Resolution No. 2012-70 was adopted establishing a no-stopping zone on North Carlotti Drive along the eastern right-of-way beginning at the southeastern curb return of North Carlotti Drive at the intersection of Murray Drive and extending one hundred (100) feet south.

Resolution No. 2012-70 adopted. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA, CALIFORNIA, ADOPTING A NO-STOPPING ZONE ON NORTH CARLOTTI DRIVE PURSUANT TO SECTION 7-5.16 OF THE SANTA MARIA MUNICIPAL CODE.

K. NO-STOPPING ZONE – EAST DONOVAN ROAD
Resolution No. 2012-71 was adopted establishing a no-stopping zone on East Donovan Road along the southern right-of-way beginning at the eastern curb return of East Donovan Road at the intersection of Pepperwood Place and extending one hundred (100) feet east.

Resolution No. 2012-71 adopted. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA, CALIFORNIA, ADOPTING A NO-STOPPING ZONE ON EAST DONOVAN ROAD PURSUANT TO SECTION 7-5.16 OF THE SANTA MARIA MUNICIPAL CODE.

PUBLIC HEARINGS:

4. REFORMAT OF THE GENERAL PLAN LAND USE POLICY MAP FOR THE CITY OF SANTA MARIA, SP-2012-0007, E-2012-0006.

Director of Community Development Appel gave a presentation as detailed in the written Council Agenda Report. The City Council is requested to consider a recommendation from the Planning Commission regarding the approval of a reformatted, colorized version of the City's General Plan Land Use Policy Map, and set the purchase price in the amount of $25.00 for the reformatted version of the General Plan Land Use Policy Map for both paper and digital formats.

On May 16, 2012, the Planning Commission unanimously adopted Resolution No. 2608 recommending that the City Council approve the reformat of the General Plan Land Use Policy Map of the City of Santa Maria, and to set the purchase price for the color print version of the official Map at $25.00.

No written communications were received.

Mayor Lavagnino opened the public hearing. With no requests to speak, the public hearing was closed.

There was no Council discussion.

Resolution No. 2012-72 was adopted approving the reformatted version of the General Plan Land Use Policy Map of the City of Santa Maria, SP-2012-0007, on motion by Councilmember Boysen, seconded by Councilmember Cordero, and carried on the following vote:

AYES: Councilmembers Boysen, Cordero, Orach, Patino, and Mayor Lavagnino
NOES: None
ABSENT: None
ABSTAIN: None

Resolution No. 2012-72 adopted. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA, CALIFORNIA, APPROVING THE REFORMATTED VERSION OF THE GENERAL PLAN LAND USE POLICY MAP OF THE CITY OF SANTA MARIA, SP-2012-0007.

Ordinance No. 2012-10 setting the purchase price of the reformatted version of the General Plan Land Use Policy Map of the City of Santa Maria at $25.00 was introduced by title only for first reading and continued to the next meeting for second reading and adoption on motion by Councilmember Boysen seconded by Councilmember Cordero, and carried on the following vote:

AYES: Councilmembers Boysen, Cordero, Orach, Patino, and Mayor Lavagnino
NOES: None
ABSENT: None
ABSTAIN: None

Ordinance No. 2012-10 introduced. AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA, CALIFORNIA, SETTING A FEE TO PURCHASE THE REFORMATTED VERSION OF THE GENERAL PLAN LAND USE POLICY MAP OF THE CITY OF SANTA MARIA, SP-2012-0007.

5. PUBLIC HEARING TO CONSIDER THE CITY OF SANTA MARIA'S 2012-14 PROPOSED BUDGET.

City Manager Haydon gave a presentation as detailed in the written Council Agenda Report. He highlighted how staff prepared the 2012-14 budget with workers' compensation cost allocation deferrals, fleet services cost allocation deferral in the amount of $450,000, and $750,000 in Operating reductions. With the reductions, the General Fund appropriations were reduced to $54.7 million, leaving a $3.4 million deficit to be mitigated using one-time reserves ($2.5 million in LEAF financing and $894,000 from General Fund reserves). Total Citywide appropriations this year was $157 million or $8.8 million less than the prior year. The increase in appropriations proposed for 2012-13 was due to anticipated one-time capital project expenses. Proposed appropriations in all Operating Funds are $134 million or $915,000 less than the current fiscal year. The proposed budget of $134 million is 99.3 percent of this year's appropriation authority, and is considered a status quo budget. $54.6 million in appropriations in the General Fund is $217,000 more or less than one-half of one percent more than this current fiscal year. For all intents and purposes, another status quo budget. He spoke about some of the economic factors at both the National and State levels that were impacting the City's local revenues, specifically the weak labor market, U.S. and State unemployment rates, and the local

unemployment rate which was over 13 percent. The State's expected budget gap of at least $16 billion in 2012-13 was discussed, along with the Governor's plan to place an initiative on the November 2012 ballot for voter approval for a temporary increase in income and sales taxes. If the voters did not approve the initiative, the Governor proposes that the legislature approve $5.4 billion in "trigger cuts" to education and other services to take effect January 1, 2013, which brings unknown financial impacts to the City. The City's $1.2 million in property tax increment is in jeopardy; and although it was approved as an enforceable obligation by the Oversight Board to the Successor Agency, the Department of Finance has rejected it. The City was appealing the Department of Finance's decision. City Manager Haydon discussed how the recent recession had eroded the City's base line revenues in the General Fund since 2007 with a 19 percent decline in on-going operating revenues in a three-year span. He discussed sales tax and property tax trends for 2012-13, with minor increases in projected revenues. NHIS revenue had declined to an estimated $2.1 million in 2012-13 which had been designated to finance the cost of 16 police officers and 9 firefighters when the program originated back in 2001-02. City Manager Haydon recommended that any NHIS revenue in excess of anticipated budget amounts over $2.1 million be placed in the LEAF account to start replenishing the reserve account. He further reviewed the 2012-13 General Fund revenues budgeted at $53.7 million which is $511,000 more than the current fiscal year budget. He highlighted the proposed 2012-13 operating budgets for both the General Fund and all operating funds, and reviewed financing sources, fund appropriations, and Enterprise Fund appropriations. The total General Fund appropriations are anticipated to be $54.7 million which is less than one percent more than in 2011-12. General Fund projections ending 2011-12 will utilize $1.2 million in reserves. It was anticipated that the City will end the 2011-12 fiscal year better than it had hoped with revenues coming in as expected in the amount of $53.1 million and expenses expected to be $1.4 million under budget. The carry-over would help mitigate the $894,000 deficit that was anticipated in 2012-13. Total sources of financing for all operating programs in 2012-13 are estimated to be $125.4 million representing a 3.1 percent increase in financing for 2012-13 as compared to 2011-12. Enterprise Funds remain status quo with total appropriations in 2012-13 to be slightly more than $1 million less than 2011-12, and $400,000 more than what was anticipated to be spent in 2011-12. City Manager Haydon discussed the proposed staffing recommendations for 2012-13 which calls for one less full-time employee bringing the total Citywide complement to 456. $36 illion in Capital Projects would be addressed over the next two-years including $10.4 million in General Fund-related projects, specifically tenant and IT improvements for the new Police Facility, parking lot improvements and Town Centers East and West, and $6.4 million in mobile equipment replacement that would save the City $6.2 million. He provided recommendations for contributions to Outside Agencies regarding TOT revenues which increased by 7 percent when compared to the prior year. Due to the continued General Fund deficit, staff recommends allocations to Outside Agencies to remain the same as in the 2011-12 Budget during the next two-year budget cycle. Measure U2012 was supported by 63.9 percent of the electorate. When generating the budget this was not incorporated. The transactions and use tax becomes operational on October 1, 2012, and the City would receive the first proceeds starting January 2013 which were estimated at $2 million for 2012-13. The Council will need to identify an expenditure plan, appoint an oversight committee, and arrange for independent financial audits. These items will be brought back to Council at a future meeting to establish and implement these actions. The Department of Finance's (DOF) determination to not approve the Redevelopment Agency revenue bonds as enforceable was because the bonds were issued in 2003, and the tax increment was not pledged as payment for the bonds. The City was expecting $582,000 in tax increment on June 1st. The DOF instructed the County to release the City's tax increments funds to other taxing entities, i.e. County, school districts, and flood control district, which has caused an immediate $582,000 hole in the City's budget with the potential of another $582,000 later this year if staff was not successful in appealing the DOF's ruling. Staff was aggressively appealing the decision of the DOF. The new Police Building Phase I Structural Retrofit would cost $2.1 million which would be paid by rental income. Phase II Tenant Improvements for the building would occur in late 2013 and financed using Fund 801. The anticipated move-in was slated for 2014. City Manager Haydon indicated that proceeds from the sale of the old police facility would reimburse Fund 801 for the Phase II costs. The County of Santa Barbara and the California Superior Court System have expressed their interest in acquiring the Cook Street Police Station building.

Mayor Lavagnino commented that staff has made a tremendous effort to reduce costs within their budgets and with the cooperation of all of the bargaining groups. He indicated that the City of Stockton had authorized its City Manager to initiate bankruptcy proceedings if necessary. The City was fortunate that Santa Maria was not in that position. The City has managed its budget well, and had made the necessary cuts.

Public Hearing
There were no written communications received.

Mayor Lavagnino opened the public hearing.

Kirk Spry, Chair of the Recreation and Parks Commission, spoke in support of the recommendations of the Recreation and Parks Department's budget. The Commission had been closely involved with the

development of the budget, with ample opportunity to review and provide input. He was amazed that the Recreation and Parks Department was able to provide the services they did with more parks, more people, with a fraction of the staff it had 10 years ago and still continues to make the City shine for the residents of Santa Maria.

Ernest Armenta spoke about pension reform and that City employees should be using a 401K pension plan like people in the private sector. He indicated that the cities of San Jose and San Diego had implemented a 401K plan. He asked staff to provide the cost savings to the City if every employee paid nine percent toward their pension.

Hearing no other requests to speak, Mayor Lavagnino closed the public hearing.

City Manager Haydon responded to Mr. Armenta that the City was the first on the Central Coast to initiate a two-tiered pension system for new hires. Additionally, the City is a member of and contracted with CalPERS. CalPERS does not offer a hybrid pension system, but it was looking into various options. The City may have other options to look at when CalPERS presents other programs.

Councilmember Boysen indicated that he did not think Mr. Armenta's comment was quite correct about the cities of San Jose and San Diego switching to a 401K. He indicated that he thought they had a hybrid plan.

City Manager Haydon responded that Mr. Boysen was correct. San Jose and San Diego had their own retirement system, and was not a part of the CalPERS system. They could craft the type of retirement system that they wanted for their employees. The City was bound by CalPERS. The City had saved nearly $42,000 in the Police Department budget as a result of switching to the two-tiered retirement system a year and a half ago. It was a small amount compared to what it would be in the future.

Councilmember Boysen commented that the cities and agencies that maintain their own pension systems also have huge unfunded pension liabilities. The County of Santa Barbara's unfunded liability was now at $1.4 billion which would be untenable for the City. He continues to be mindful of the City's budget, and would like to see more realistic budgets without overestimating expenses and underestimating revenues. He wants to be able to provide the residents with the highest level of service and be realistic with every dollar the City has. He asked the Council to consider having a discussion within the next two years about the Outside Agency funding being the only appropriation item within the General Fund that was codified in the Municipal Code. The Outside Agencies provide a tremendous service and the City should continue to provide funding to them. However, he would like to review and discuss whether it continues to be in the City's best interest to have the appropriation codified in the Municipal Code or did it make more sense to give the latitude to future Councils to decide how to fund the Outside Agencies. He was pleased that Measure U2012 passed and looked forward to giving direction and getting input from the public on how the funds would be used.

Councilmember Patino commented that she was pleased that the budget presented was a status quo budget. She proposed that 10 percent of CDBG allocations be set aside for youth services and activities; and asked if CDBG grant funds could be used in some of the parks on the west side of town for upgrades, as well as funding youth-oriented nonprofit organizations that did not previously get funded. She wants to continue to support the youth and their activities. Councilmember Patino thanked the Firefighters, Police Officers, and other staff who put so much work and effort to support Measure U2012.

Community Programs Manager Coelho-Hudson responded that staff was working on a grant with the Recreation and Parks Department for the Oakley Park renovations, and a beautification project was funded for 2012-13 with CDBG grant funds for the Town Center Park area at the corner of Cook Street and Broadway. CDBG Public Service funds could be used for City recreation youth programs if the Council wanted to allocate the funding that way. She indicated that the funding for parks could come from the Capital Projects funds.

Mayor Lavagnino agreed that a percentage was reasonable to support youth groups, but did not want to take the prerogative away from the Block Grants Advisory Committee. He thanked all City employees for their work and dedication to their jobs and the City, and City Manager Haydon has done a stellar job. Mayor Lavagnino stated that he would be leaving the Council in competent hands.

Councilmember Orach commented about former City Manager Ness' forethought in the 1990's to set funds aside in reserves. The City has benefited from those reserves, and it would be in a world of hurt had those reserves not been available. He spoke about Measure U2012 and the support of the community who worked together to pass the measure. It was desperately needed. Years ago, a lot of money went toward youth services, but he cautioned about setting a percentage that was aimed specifically for youth services and activities. With capital funding from CDBG, the Recreation and

Parks Department activities could be assisted with competitive applications. He supports the staff and thought the City's budget document was phenomenal.

Councilmember Cordero commented on the receipt of property tax revenues, noting that the City would not see a rise in these revenues without adding more homes which impacts the demand for the City's police, fire, and recreation and parks services. He commented on the level of risk the City assumes by deferring vehicle equipment replacement. He said that SEIU stepped up to the plate and provided their phone system and building to assist with the Measure U2012 call center. He commented on the performance-based pay (PBP) for department heads that was placed in the resolution. The mechanics of the PBP program was difficult to understand because of the criteria. The three percent PBP was in addition to the department head's annual salary. All City staff, the City Council, and Planning Commissioners gave up four to five percent of their pay. He has a problem with the PBP in this time of negative negotiation, but asked staff for a more detailed explanation of the program. He also asked the City Attorney to explain the legality of making a change to this program and to the pension plan.

City Manager Haydon responded that the matter was first discussed in a Grand Jury report several years ago which pertained to the department heads receiving bonus pay. He explained how the information provided to the Grand Jury was mischaracterized. He would be appalled if any City employee received a bonus. He explained that the City has PBP for department heads that have at-will employment agreements. It was a contractual obligation between the City and the employees that signed the agreements when they became at-will employees. The employees were previously members of a bargaining group that decided to disband and relinquish their property rights in exchange for accepting at-will employment and entering into at-will employment agreements, subject to PBP. It was compensation that was earned by the department heads through their quantitative work performance and appraisals, and budget achievements and accomplishments of predetermined departmental goals and objectives, and paid up to three percent. It was not tied to time and service. City Manager Haydon stated that the PBP program is a disincentive for complacency. The department heads received the PBP in their biweekly payroll deposits, and not at the end of the year. The department heads received the PBP based upon merit, performance, competency and exemplary performance.

Councilmember Cordero commented that he did not recall seeing the action for PBP program in the resolutions from prior years. He asked why was it was not included in prior years.

City Manager Haydon responded that the PBP program was included in the resolutions for the 2006-08 and 2008-10 budgets. It was not in 2010-12 budget resolution because it was the opinion of the City Attorney that the PBP was a program approved by the City Council and there was no reason to continue to keep the one sentence provision in the authorizing resolution. City Manager Haydon indicated that he took the initiative to place it back in the authorizing resolution because of the issues that had been raised about the PBP. It was his obligation as the City Manager and a public servant to provide full disclosure and transparency.

Councilmember Cordero asked City Attorney Trujillo if it were possible for the Council to decide to eliminate the PBP program.

City Attorney Trujillo responded that the PBP program had been incorporated as a compensation provision in each of the department heads' contracts, including the City Attorney and the City Manager's contracts. In order to eliminate the PBP program, he would advise renegotiating with each of the department heads individually as they were not represented by a union to remove the PBP program provision from their contract. If the Council simply chose to no longer offer the PBP program without negotiating with each department head, the City potentially would be in breach of the employment contracts.

Mayor Lavagnino asked if there was a consensus of the Council to direct staff to provide some options for CDBG funding for youth organizations.

Councilmember Boysen asked if there would be a conflict if he participated in the consensus discussions relating to the CDBG funding.

City Attorney Trujillo responded that there was no financial conflict of interest. If there was a potential recipient that had been identified, such as the Boys & Girls Club or Good Samaritan, then he would advise under a perception of impropriety, to refrain from the discussion. In general discussions where an organization was not identified, City Attorney Trujillo indicated that it would be safe to participate.

Councilmember Boysen commented that he was extremely concerned with tying the hands of the Block Grants Advisory Committee. They did a tremendous job and worked hard at investigating the different priorities for the allocations. While he supported recreation and youth activities, one critical factor was making sure that the neediest of the needy were cared for and did not become a burden within the City.

Mayor Lavagnino suggested that staff come back with some options for Council to consider.

City Manager Haydon responded that there were two options: 1) to provide the Block Grants Advisory Committee with a certain percentage as to what should be set aside for youth programs; or 2) to decipher what constitutes a youth program, provide the information to the Block Grants Advisory Committee indicating a percentage should be allocated, and allow the Committee to determine what percentage amount and to which recipients would be appropriate.

Councilmember Cordero was concerned about assigning a percentage allocation to youth services and activities in the event the amount provided by the State goes down or up drastically.

Councilmember Orach commented that the City has adjusted its allocations and priorities with the State's cutbacks to CDBG funding.

Mayor Lavagnino asked City Manager Haydon if he had sufficient direction from the Council to explain to the Block Grants Advisory Committee for a future recommendation to address the percentage amount and what constitutes a youth program.

City Manager Haydon responded that with Community Programs Manager Coelho-Hudson and Block Grants Advisory Committee Member Siefert, who was in the audience, they would be able to sufficiently relay the direction of Council.

There was a consensus of the City Council (5-0) to submit this matter to the Block Grants Advisory Committee for their guidance and to provide a recommendation to the Council.

Councilmember Boysen suggested and requested that direction be made to provide that any "out of the ordinary" income received or "one time or short time in nature funding," such as from selling or renting Fire Station No. 3, and that would normally be added to the General Fund, be instead added to Local Economic Augmentation Fund (LEAF) account.

There was a consensus of the City Council (5-0) to provide any "out of the ordinary" income or "one time or short time in nature" funding received be transferred to the LEAF account, instead of the General Fund.

City Manager Haydon thanked the Department Heads and their staff for assisting his office with the development of the budget. He specifically thanked Acting City Manager Alicia Lara, Budget and Accounting Manager Mary Harvey, Administrative Assistant Cathy Davison, and Director of Administrative Services Rene Visé who were instrumental in putting the budget together.

Resolution No. 2012-73 was adopted approving the proposed 2012-14 budget, delegating the City Manager to implement, and adding one time in nature or short time in nature funding to be transferred to the Local Economic Augmentation Fund (LEAF) account on motion by Councilmember Boysen, seconded by Councilmember Patino, and carried on the following vote:

AYES:	Councilmembers Boysen, Cordero, Orach, Patino, and Mayor Lavagnino
NOES:	None
ABSENT:	None
ABSTAIN	None

Resolution No. 2012-73 adopted. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA, CALIFORNIA, ADOPTING THE BUDGET FOR FISCAL YEARS 2012-13 AND 2013-14 AND DELAGATING THE CITY MANAGER TO IMPLEMENT SAME.

CITY MANAGER'S REPORT

City Manager Haydon reported on items anticipated for the July 3, 2012, Council meeting including a proclamation, Consent Calendar items to approve personnel changes approved in the 2012-14 budget, the annual Operating Agreements with the Chamber, Historical Society, Museum of Flight, extending an agreement with the Chamber for Economic Development Services, Los Primos Market ABC License the Breeze Public Transportation Memorandum of Understanding; and a public hearing for the annual landscape maintenance assessments.

ORAL REPORTS BY COUNCILMEMBERS

Councilmember Boysen had nothing to report.

Councilmember Patino reported that she spoke on KUHL radio about the last Council meeting, attended the Santa Barbara County's Teacher of the Year and the Presidential Innovation Award presentations at Pioneer Valley High School, the Annual Meeting of the League of Women Voters, an

All Valley Speaks meeting, took a tour of the Santa Maria Public Airport with the Transportation Committee meeting, the Landmark Committee presentation designating the Eagles Lodge as a historic landmark which used to be used for the Hancock College of Aeronautics mess hall and later became part of Hancock College, attended her grandson's, Tanner Ben Patino, Student of the Year recognition, the Public Officials Night with the Home Builders Association, and a Rotary meeting which had the all-girl Santa Maria Racing Team.

Mayor Lavagnino reported that he attended the North County Sub-regional meeting, a Budget meeting, and the Quarterly Schools meeting.

Councilmember Orach had nothing to report.

Councilmember Cordero reported that he attended the D.A.R.E. Graduation at the Elks, the Santa Maria High School Graduation, the Eagles Lodge for the landmark designation ceremony, a Budget meeting with City Manager Haydon, a reception for Jose Ortiz at the Event Center, and a Community Partners In Caring fundraiser dinner.

CLOSED SESSION
The City Council recessed to a Closed Session at 8:53 p.m. discuss Conference with Legal Counsel - Existing Litigation pursuant to Section 54956.9(a) of the Government Code. Adriana Mendez Madrigal; Jaime Madrigal, et al. v. City of Santa Maria, County of Santa Barbara, et al., United States District Court, Central District of California, Western Division, Case No. CV-10-4479 PSG (VBKx).

After the Closed Session the following report was given:

Conference with Legal Counsel - Existing Litigation: Direction to staff was provided.

ADJOURNMENT
There being no further business to come before the City Council at this time, the meeting was declared adjourned by Mayor Lavagnino in memory of Betty Fletcher at 9:12 p.m.

APPROVED

July 3, 2012
Date

Acting Chief Deputy City Clerk of the City of Santa Maria and ex officio Clerk of the City Council

Mayor of the City of Santa Maria

ATTEST

Acting Chief Deputy City Clerk